Decision Is Hasty, Surprise

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The only two people in Washington who know for sure what John B. Connally will be doing after he leaves the Treasury Department are President Nixon and Connally himself.

Key officials indicated not only that the decision for Connally to step down in favor of George P. Shultz, director of the Office of Management and

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budget, was made hastily (possibly within the preceding 24 hours), but as of late yesterday it had not been shared "with the next one or two layers" of key personnel.

President Nixon called his Cabinet together at 10 a.m. yesterday to give them the news. It caught all but Shultz unprepared. "We were all appropriately stunned," said one Cabinet officer. One or two important administration people outside the Cabinet were telephoned the news at about the same time.

And although the President said yesterday that he and Connally "had a long discussion . . . several weeks ago" about Connally's successor, Shultz didn't learn about his promotion until about 2 p.m. Monday.

At that time, according to a White House source, Shultz appeared in Mr. Nixon's office for a routine meeting, with an agenda of various matters.

But the President said that he had something "to take up" with Shultz. He offered him

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the job, saying that he and Connally had discussed it earlier in the day. Shultz accepted on the spot, whereupon the President sent for Connally, and the three had a general discussion about the Treasury assignment.

Later in the afternoon, Shultz brought Assistant OMB Director Caspar W. Weinberger into the President's office, where Weinberger learned for the first time about his new post as Shultz' successor.

One story, unconfirmed, linked the hasty decision with the attempted assassination of Governor George Wallace. According to this report, the memories of the assassination of President Kennedy in 1963, when Connally (then Texas Governor) was seriously wounded brought pressure from Mrs. Connally for a quick return to Texas.

Connally has been saying publicly and privately that he is tired after his 18 months of service in Washington. In February, after his 58th birthday, he told reporters he was anxious to return to private life. In at least one private conversation, he indicated he had lost his zest for the continuous round of appearances necessary on Capitol Hill.

But after a day of wrestling with all of the possible explanations for the move — and its timing — the development left this city still groping for clarification of the event. The decision was almost incomprehensible at a time when Connally seemed to be at the zenith of his power not only as the economic master-mind of the administration, but also as a key foreign policy adviser.

The one thing that most observers in and out of the administration agreed on was that the move did not in any way represent a break in the Nixon-Connally political relationship.

"I can give you 1,000 to 1 odds against the chance that they've had a falling out," said a high government official who has been close to both men.

The warm, almost effusive exchanges yesterday between the President and Connally supported the notion that the men are still very close.

Whether the future Nixon-Connally relationship will bring the vice presidential nomination to the Treasury Secretary was still a matter of speculation, despite Connally's by now stock reiteration, "I don't think that event will occur."

One of his close associates theorized that Connally could now return to Texas, there change his political allegiance to the Republican party, and thus prove more acceptable to the conservative wing of the GOP, which only relucantly will be persuaded to give up Vice President Spiro Agnew.

Connally presumably would then undertake to organize for Nixon and the Republican party the scores of influential Texans, mostly Democrats, whom he invited to his Piscosa Ranch on April 30 to meet President and Mrs. Nixon.

Officials said the timing of the announcement was based on Connally's need to get back

to Texas in time to make such a coalition of Democrats and Republicans effective. And, it was theorized, the administration wanted to get the Connally-Shultz shift announced before the President's departure for the Soviet Union on Saturday.

It was also suggested that Connally, despite his reputed great wealth, needed to restore has personal finances after 18 months of separation from his lucrative Texas law practice.

Connally, colorful and persuasive, was clearly the outstanding man in Nixon's cabinet. With no prior expertise in deep financial matters, he undertook an almost belligerent defense of the U.S. dollar, and launched an effort to restore trading advantages abroad.

European finance ministers with whom he came in contact stood in positive awe of him, and found him a shrewd and tough bargainer.

His firm stance in international monetary negotiations last year also brought him into conflict with White House aide Henry Kissinger and Federal Reserve Chairman Arthur F. Burns, who persuaded the President to talk Connally into modifying his position.

That modification enabled the Smithsonian agreement on new exchange rates to go forward last December, and the President yesterday cited British Chancellor of the Exchequer Anthony Barber as saying there would have been no agreement without Connally's "forceful, dynamic, and skilled leadership."

Yet, Connally felt personally hurt by what he considered Kissinger's interference, and allowed a press aide to say publicly that White House assistants "had stabbed (Connally) in the back."

On the domestic side, Connally had become Nixon's "chief economic spokesman," as well as chairman of the Cost of Living Council, which has been supervising the Phase II wage-price control effort. He didn't hesitate to chastise either labor or business for non-cooperation.

In recent weeks, Connally has been resisting pressure, articulated most recently by Fed Chairman Burns, to move more quickly into international monetary negotiations, stressing instead the need for the United States to build a large trade surplus for at least a few years.

He passed up the chance to give the main address to a conference of international bankers in Montreal last week, staying in Washington, an aide said, "because the President wanted him at hand" as the crisis built up over Vietnam.

The fact that he and Kissinger were the only two aides with whom Nixon consulted just before announcing the decision to mine North Vietnam harbors was widely publicized.